

27 December 1966

To: Contracting Officer, SP-1928 ✓

Subject: REVISED PROPOSAL FOR ADDITIONAL WORK

Reference: (A) Our letter dated 19 August 1966
(B) TWX Message, [] 6304 dated 1 November 1966

Enclosure: (1) Revised Price Proposal to Modify Three (3) Additional Aircraft
(2) Revised Price Proposal for Seven (7) Aircraft (Item 1), and Four (4) Sets of Parts (Item 2)
(3) Proposed Revised Billing Prices and Delivery Schedule

STATINTL

In reference (A) we furnished price proposals for alternative combinations of additional modification work. Final aircraft assignments for conversion represent a third alternative which was not considered. Accordingly, we are providing herewith as Enclosure (1) our proposal to convert one (1) AFSC U-2 (S/N 368), one (1) SAC U-2 (S/N 374) and one (1) AFSC two-place U-2 (S/N 394) to the configuration described in Exhibit A of the contract. This proposal supersedes reference (A) in its entirety.

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The final selection of aircraft increases the scope of the added work contemplated by reference (A) and raises the price from [] set forth in reference (A) to [] of this proposal. This price increase is minimal since we used the latest approved overhead and G & A rates which are lower than those previously used and tend to offset the effect of the scope increase. In addition, the universal labor rates have been used for both of these revised proposals and result in reducing the total price of this particular contract by approximately \$90,000.

We are pleased to advise that our experience has been very favorable on this contract to date. The work force has been stable, we have been able to do our purchasing on good terms and we have not encountered any unforeseen difficulties. Normally, we would wait for price redetermination at the end of the contract to adjust the price, but we are proposing a revised price for the initial work (Items 1 and 2) so that you may use the savings and minimize the funds to be allotted to the contract. This revised proposal is set forth by enclosure (2) hereto. A summary of the entire contract price, which includes the savings for the initial work and the price of the follow-on work, is as follows:

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Subject: Revised Proposal for Additional Work

	<u>Estimated Cost</u>	<u>Profit</u>	<u>Price</u>
STATINTL Initial Seven (7) Airplanes (and 4 sets of parts)	<div></div>		
Three (3) Additional Airplanes			
STATINTL Total Ten (10) Airplanes and Parts...			

Enclosure (3) proposes revised billing prices for Items 1 and 2 and suggests a billing price for the added work, described as Item 3. These amounts are somewhat less than the revised contract target price. Please advise if these billing prices are acceptable to you, so that we may immediately adjust our invoices prior to formal revision of paragraph a. of Part III of the contract. The revised delivery schedule of Enclosure (3) may be substituted for the one now set forth in Part II of the contract.

Please advise if you need any additional information regarding this proposal.

Sincerely,

Kelly

STATINTL

cc:

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CONTRACT SP-1928
PROPOSED REVISED BILLING PRICES

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Item 1	Conversion of 7 aircraft upon delivery.....	
Item 2	4 Additional sets of conversion parts upon completion.....	
Item 3	Conversion of 3 aircraft upon delivery.....	

PROPOSED REVISED DELIVERY SCHEDULE

<u>Unit S/N</u>	<u>Input</u>	<u>Output</u>	<u>Item Number</u>
375	October 1965	March 1966	1
390	December 1965	April 1966	1
367	February 1966	June 1966	1
393	April 1966	August 1966	1
373	June 1966	October 1966	1
392	August 1966	November 1966	1
368	October 1966	February 1967	3
374	November 1966	March 1967	3
394	February 1967	June 1967	3
347	March 1967	July 1967	1
Parts	As required to support conversion work on Item 3 aircraft.		2